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THE

Frank W. Linder

MARKET ADMINISTRATOR

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Production, Marketings, and Manufacturing Use Vary Widely Among Regions

The Dairy Situation, Economic Research Service USDA, August, 1963

Increased farm production and movement of milk into commercial channels has occurred in every region, but the largest rise in the proportion of milk production sold has been in the South, where sales from farms have grown from about one-third of output in the 1920's to 88 percent in 1962.

Although milk is produced in every State, a relatively few States account for a major part of production. The 10 leading States produced 63 percent of the nation's milk supply in 1962. Whole milk is the major category of farm sales and may be "eligible for fluid use" (Grade A) or manufacturing grade. Although no national data are published showing the breakdown of these farm sales, it is estimated that two-thirds of the whole milk marketed from farms was eligible for fluid use in 1962. Of the manufacturing grade milk, about one-half is sold in Minnesota and Wisconsin. There is virtually no manufacturing grade milk in many States and regions, but some Grade A milk is used for manufactured products in all regions. About one-third of the milk used for manufactured dairy products nationally is eligible for fluid use.

Manufacture of dairy products is concentrated even more than milk production. In 1962 the 10 leading

dairy manufacturing States accounted for 72 percent of manufactured products on a milk equivalent basis. Because of the bulky, perishable nature most milk for fluid products is produced relatively near the point of consumption; therefore, market milk production is heaviest in the North Atlantic States and near other concentrations of urban population. Frozen dairy products follow a similar pattern. On the other hand, areas more distant from population centers compete favorably in the production of less perishable and more concentrated manufactured products such as butter, cheese, and nonfat dry milk.

In the East and West North Central regions—the leading manufactured dairy product areas—production of manufactured products increased about 5 billion pounds milk equivalent from 1950 to 1962, and factory utilization as a percent of production rose 4.7 percent. However the East North Central States' share of output of manufactured products fell from 37.5 percent in 1950 to 35.5 percent in 1962, while the West North Central's share was maintained at about 32.8 percent. Other regions showed lesser gains in production of manufactured dairy products.

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CHEESE PRODUCTION USES 22 PERCENT OF MILK IN FACTORY PRODUCTS

The Dairy Situation, Economic Research Service
USDA, August, 1963

The total quantity of whole milk used for all kinds of cheese (except creamed cottage cheese) increased almost steadily from 5 billion pounds in 1930 to over 14 billion in 1962. The East North Central States continue to rank first in milk used for cheese, making over half of the U. S. total, with 43 percent made in Wisconsin alone. However, the East North Central proportion dropped from 70 percent in 1930 to 56 percent in 1962. The West North Central States, the region ranking second, gained most of the share of the national total lost by the East North Central States. The Pacific and Middle Atlantic States lost ground, while the South Central and Mountain States increased their shares.

Among the 12 leading States in total cheese production in 1962, Idaho, Iowa, Missouri, and Kentucky increased their shares of production since 1950, and Wisconsin, Illinois, Minnesota, Ohio and Indiana decreased. New York, Tennessee, and Michigan maintained their shares. The relative decline in cheese production in several areas adjacent to fluid markets—particularly Illinois, Ohio, and Indiana—was due to the shift from use of milk for manufactured products to use for fluid purposes.



Cincinnati

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers Uniform Price (3.5%)	.....
Class I (3.5%)	.....
Class II (3.5%)	.....
Class III (3.5%)	.....
Producer Butterfat Differential for each one-tenth percent	.....
*Producer location differential—	
Distance of Receiving plant from City Hall, Cincinnati, Ohio.	
30 but less than 40 miles .06¢ less	
40 but less than 50 miles .08¢ less	
50 but less than 60 miles .10¢ less	
Each additional 10 miles or fraction thereof, an additional .015	

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	.....
Percent of Producer Milk in Class II	.....
Percent of Producer Milk in Class III	.....

PRODUCER MILK RECEIPTS

Total Bulk Tank Milk Deliveries	.....
Total Can Milk Deliveries	.....
Total Pounds of Producers Milk Delivered	.....
Percentage of Tank Milk to Total Deliveries	.....
Number of Tank Producers	.....
Number of Can Producers	.....
Total Number of Producers	.....
Percentage of Tank Producers to Total Producers	.....
Average Daily Receipts per Tank Producer	.....
Average Daily Receipts per Can Producer	.....
Average Daily Receipts per All Producers	.....
Average Butterfat Test of All Producers	.....
Average Daily Class I Use (Gross)	.....

VALUE SUMMARY

Total Value at Average Test	.....
Income per Producer (7 day average)	.....

AVERAGE DAILY SALES (Quarts)

Milk	.....
Buttermilk	.....
Chocolate	.....
Skim	.....
Cream	.....

Sept. 1963	August 1963	Sept. 1962
\$4.52*	\$4.01*	\$4.55*
4.74	4.67	4.77
3.1821	3.1059	3.1080
3.1821	2.70	3.1080
7.6¢	7.4¢	7.6¢
65.58	62.30	68.02
20.48	17.76	19.33
13.94	19.94	12.65
43,302,508	43,489,302	39,482,430
10,640,093	11,394,107	12,306,881
53,942,601	54,883,409	51,789,311
80.28	79.24	76.24
2,339	2,293	2,272
1,064	1,064	1,281
3,403	3,357	3,553
68.73	68.31	63.95
617	612	579
333	345	320
528	527	486
3.62	3.56	3.64
1,252,547	1,173,554	1,243,838
\$2,477,506.74	\$2,215,624.40	\$2,400,883.31
\$169.88	\$149.03	\$157.67
485,612	466,528	481,656
12,965	14,940	12,882
31,700	12,733	30,159
36,311	35,512	35,775
9,517	9,597	10,158

COMPARATIVE STATISTICS



CINCINNATI MARKETING AREA

★ Sept., 1954 - '63

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	IV Class		
1954.....	33,717,318	3.83	65.0	3.5	30.6	.9	4.32	4.7301	4.2801	3.4801	3.3051	4,996	225
1955.....	32,866,634	3.84	75.4	17.1	7.5	—	4.56	4.584	3.2166	3.2166	—	4,639	236
1956.....	34,840,182	3.84	67.5	20.4	12.1	—	4.59	4.7019	3.2794	3.2794	—	4,051	287
1957.....	35,186,541	3.79	71.0	23.6	5.4	—	4.67	4.7123	3.3229	3.229	—	3,935	298
1958.....	36,266,471	3.76	71.2	24.5	4.3	—	4.49	4.5829	3.1345	3.1345	—	3,731	304
1959.....	42,454,522	3.67	73.2	21.5	5.3	—	4.75	4.8577	3.2483	3.2483	—	4,011	353
1960.....	45,256,627	3.68	71.0	20.4	8.6	—	4.59	4.6760	3.1812	3.1812	—	4,039	373
1961.....	52,482,454	3.62	68.6	18.2	13.2	—	4.74	4.8725	3.3639	3.3639	—	3,957	442
1962 ..	51,789,311	3.64	68.6	19.3	12.7	—	4.55	4.77	3.1080	3.1080	—	3,553	486
1963	53,942,601	3.62	65.6	20.5	13.9	—	4.52	4.74	3.1812	3.1812	—	3,403	528

Class I Sales of Federal Orders Rising

The Dairy Situation, Economic Research Service USDA, August, 1963

January-June use of producer deliveries for Class I use in 71 "comparable" Federal order markets gained 1.9 percent over a year earlier. These are markets with orders in effect in all of 1962 and 1963 to date which had no change in their marketing areas during that time. Producer receipts increased 1.7 percent. These relative rates of gain in receipts and sales were a reversal of the half-year pattern for the same months a year earlier, when receipts increased more than sales. With the rate of increase in Class I sales exceeding that of producer deliveries, the proportion of producer milk utilized in Class I in the 71 markets increased slightly. For all Federal order markets, the total increase in producer deliveries used in Class I amounted to 645 million pounds, of

which 373 million were from expanded marketing areas and new markets. Total gain in receipts for all markets was 873 million pounds, of which 439 million were from new and expanded markets. For the 80 markets under regulation prior to January 1, 1962, Class I use in January-June 1963 was above a year earlier in 39 markets, unchanged in 15, and lower in 26. Regionally, the percentage of producer deliveries used in Class I milk was up in the South Atlantic, West North Central, and South Central markets, unchanged in New England and East North Central regions, and down in Mid-Atlantic, Mountain, and Pacific areas.

For the first 5 months this year, fluid whole milk sales in 73 Federal

order marketing areas increased 2.1 percent, while sales of skim milk and low-fat items were up 6.8 percent. In 70 Federal order marketing areas sales of milk and cream mixture declined 0.4 percent, and sales of cream fell 4 percent.

For the 80 markets under regulations prior to January 1, 1962, daily deliveries the first 6 months of 1963 averaged 847 pounds per producer, 8 percent over a year earlier. This is a continuation of the consistent increase in average deliveries per producer in Federal order markets. The average increase was 7.7 percent annually from 1954 through 1962. Although the average number of producers making deliveries declined 5.2 percent, the increase in average deliveries per producer more than offset this decline.

PRODUCTION OF CONDENSERY PRODUCTS DECLINING

The Dairy Situation, Economic Research Service USDA, August, 1963

Evaporated and condensed milk production required 5.0 billion pounds of milk in 1962, about 4 percent of the milk supply, and about the same proportion as in 1935. During World War II, production rose to meet export needs—about one-third of these products were exported. Since then, both exports and domestic use have fallen. From 1945 to 1961-62 production declined in the North Central and Western regions. Increases occurred in the North Atlantic States

where much of the output of condensed milk is used in ice cream manufacture, and in the South Atlantic and South Central regions, where evaporated and condensed milk have gained importance as outlets for increased farm marketings. There has been a general shift in production from the northern dairy areas to the southern regions, to take advantage of the South's lower manufacturing grade milk prices and proximity to markets.

ACTIVITIES OF CHECK TESTERS

SEPTEMBER

Check testers for the Cincinnati Milk Market Administrator, rendering marketing service to non-member producers report these activities.

	Sept. 1963
Composite Samples	3,291
Fresh Samples	1,450
Herd Test Samples	190
Finished Product	300
Farm Tank	305
Tank Truck	110

Milk Utilization For Butter

One-half of Total Manufactured Use

The Dairy Situation, Economic Research Service USDA, August, 1963

Butter was the largest factory outlet for milkfat in 1962 but by less of a margin than prevailed before World War II. The West North Central region consistently has been the leading butter producing area, making around 50 percent of total U.S. output since before 1930. The proportion of milk production used for butter in that region fell from 68 percent in 1940 to 54 percent in 1945, then rose to 62 percent in 1962. From 1951 only Minnesota, among the West North Central States, increased its proportion. North Dakota and South Dakota maintained their positions, but other States reduced their proportion.

The East North Central States accounted for 28 percent of U.S. butter production in 1935 and, after a drop from 1935 to 1945, increased their share to 32 percent in 1962. There was a sharp shift to butter production in Wisconsin in the post-war period, as milk production increased without proportional gains in outlets for other dairy products. The trend toward increased use in higher-value products was more pronounced in other East North Central States, which are closer to urban demand centers.

Minnesota, Wisconsin, and Iowa, the 3 leading butter-producing

States, accounted for 55 percent of the U.S. creamery butter in 1962. Wisconsin's share has been rising since 1957, while Iowa's share had been declining.

Utilization of milk for butter in the Western States dropped sharply during World War II and remained below prewar levels, amounting to about 26 percent of milk production in the Mountain States and 13 percent in the Pacific States. Butter production has continued to take a low share of milk production in the South in recent years, despite increased marketings from farms. Growth in urban fluid markets apparently has offset increased marketings of milk and cream from farms.

PRODUCTION, MARKETINGS . . . (Continued from Page One)

The milk in the North and South Atlantic States is produced primarily for fluid milk use. In 1962 the percentage of milk production used for manufactured dairy products ranged from 19 percent in New England to 32 percent in the Middle Atlantic States. These regions accounted for 13.9 percent of manufactured products output in 1962, up from 11.3 percent in 1950. The South Central and Mountain regions have about maintained their share of the national output of manufactured products. As with most other regions, there are wide variations among particular States. In the Pacific region manufactured dairy products decreased from more than 50 percent of milk production in the 1930's to 35.5 percent in 1962. This reflects increased fluid milk sales as population gained more than milk production.

Market Quotations

SEPTEMBER
1963

MINNESOTA - WISCONSIN PRICE SERIES	\$3.12
MIDWEST CONDENSERIES 3.5% per Cwt.	3.058
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.195
Average Weekly Cheddars price per lb. ....	.3425
Average price per lb. 92-score butter at Chicago .....	.5970
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant1418

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519 Main Street

CINCINNATI 2, OHIO